

IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Iowa Hospital Association Education Center
100 E. Grand Avenue, First Floor
Des Moines, Iowa**

November 2, 2005

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Virginia Bordwell
Roger Caudron

Heather Kramer
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Bret L. Mills, Executive Director
Lori Beary, Community Development Director
Roger Brown, Section 8 Director
Donna Davis, Deputy Director/Affordable
Housing Director
Dennis Dietz, Director of Policy and
Governmental Affairs
Steven Harvey, Director of Operations

Francisco Hernandez – Single Family Bilingual
Marketing Specialist
Shawna Lode, Communications Director
Lloyd Ogle, Director, Title Guaranty Division
Carla Pope, Service Enriched Housing Director
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant
Vicky Winter-Clearman, Legal Secretary

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank, NA
Jim Cain – Iowa Coalition for Housing
and the Homeless
Jim Conlin – Conlin Properties
Joni DeVries – Wells Fargo Bank, NA
Darla Giese – Dorsey & Whitney Law Firm
Kris Clements – John Lewis Coffee Shop
Community Services

Kate Ridge – John Lewis Coffee Shop
Community Services
Nicole Jones – Treasurer of State's Office
Linda Kniep – Ahlers & Cooney Law Firm
Joe O'Hern – Fannie Mae
Shelly Stromp – KPMG
Terry Vestal – IDED
Jeff Voorhees – National Consulting Alliance
Inc.

CALL TO ORDER

Chair Lintz called to order the November 2, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:05 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Bordwell, Caudron, Kramer, Walter, and Wright.

REVIEW AND APPROVAL OF MINUTES

October 5, 2005

Chair Lintz introduced the minutes of the October 5, 2005 meeting of the IFA Board of Directors.

MOTION: On a motion by Mr. Walter and a second by Mr. Wright, the Board unanimously approved the minutes of the October 5, 2005 meeting.

ADMINISTRATION/MANAGEMENT REPORT

Mr. Mills welcomed Mr. Francisco Hernandez, recently hired as the Single Family Bilingual (Spanish and English) Marketing Specialist.

Mr. Hernandez spoke briefly on his education and background and stated he appreciated the opportunity to work with IFA to increase homeownership among non-English speaking residents throughout the state.

Mr. Wright inquired whether Mr. Hernandez had resided in other communities in the state.

Mr. Hernandez stated he had resided in Pella, Newton and Des Moines.

Mr. Mills stated in recognition of Ms. Julie Noland's work with the Great Places initiative. She would continue her work with the initiative and work closely with the Department of Cultural Affairs for a period of time not yet determined, but would remain an employee of IFA.

Ms. Bordwell referred to the bi-monthly report to the Governor's office, which was included in the Board materials, and the reference to the approval by the Board of the 2005 Audit.

Mr. Mills stated that statement was in error, the Audit was presented to the Board at the October meeting, however, as indicated on the meeting agenda, the Board would actually approve the Audit at this meeting.

Mr. Wright asked who will be responsible for paying Ms. Noland's salary and who will cover her job responsibilities in her absence.

Mr. Mills said that since IFA was mentioned as a principal agency in the Executive Order, it is quite an honor for Ms. Noland to be selected for her outstanding work over the summer. He said Ms. Noland's current job duties would be split among several IFA staff members.

LEGAL / REGULATORY

Request for Waiver of Rules (265IAC 24.3(2) & (4) :

Ms. Carla Pope explained IFA had received a request for waiver of rules under Chapter 265.24, the Home and Community Based Services (HCBS) Rent Subsidy Program. She referred to the handout and said there are two portions of the chapter that have been requested to be waived; demonstrated need and ineligibility for other rent subsidies. She said the purpose of the HCBS Rent Subsidy Program is to provide rental assistance to those persons (Medicaid waiver eligible) to help them live successfully in their own home and community until they become eligible for any other local, state, or federal rental assistance. Ms. Pope said the HCBS Rent Subsidy is considered a "stopgap" measure and is meant for use until the individual becomes eligible for more permanent rental assistance.

Ms. Pope gave a detailed report about the request for a waiver. Ms. Pope explained the individual eventually became eligible for a Section 8 rental voucher, which requires the individual to use more than 50 percent of their income for rent, while under the HCBS rent subsidy the amount of income used towards rent is 30 percent of an individual's income. She explained the individual has certain medical conditions that increase the individual's cost of living. Ms. Pope stated according to IFA's rules and program policies, once an individual becomes eligible for other rental assistance, that individual is no longer eligible for assistance through the HCBS Rent Subsidy Program. She detailed the process involved in applying for Section 8 rental assistance. Ms. Pope stated the individual met the income eligibility requirements of the Section 8 rental assistance program and obtained a Section 8 eligible apartment and landlord acceptance of the Section 8 rental assistance voucher. She said the Des Moines Housing Services Department assured her that the individual would pay no more than 40 percent of their income toward rent and utilities. Ms. Pope stated the Section 8 rental assistance program deducts any medical expenses from income prior to establish program eligibility. She said the HCBS Rent Subsidy

program does not deduct medical expenses from income to determine the amount of rental assistance. Ms. Pope explained there are slight variances in the amount of rental assistance available under the HCBS Rent Subsidy program due to the expectation that an individual will be eligible for a greater amount of rental assistance under the Section 8 rental assistance program. The Department of Human Services has confirmed that in the event rent and utility costs increase, the individual would be eligible for additional nutrition assistance through the Food Stamp Program.

Ms. Pope stated the staff recommendation is to deny the request for a waiver.

Mr. Caudron asked about the possibility that the HCBS Rent Subsidy Program may not be funded for the next fiscal year making it possible the individual would receive little or no assistance.

Ms. Pope detailed the Section 8 rental assistance application process and said the individual moved rather quickly through the waiting list. She said it would be a disservice to continue to provide rental assistance through the HCBS Rent Subsidy Program, the funding of which may end the next fiscal year. Ms. Pope stated it is likely the assistance available through the Section 8 Program would continue for a longer period of time.

Ms. Bordwell reiterated some of the points covered by Ms. Pope and clarified that the individual is currently receiving nutrition assistance through the Food Stamp Program.

MOTION: Ms. Bordwell made a motion to deny the waiver request as recommended by IFA staff. On a second by Mr. Caudron, the Board unanimously approved the denial of the waiver requested under Chapter 265.24 as recommended by IFA staff.

Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program

Mr. Mark Thompson introduced the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program. He said there were no public comments received, no changes have been made to the rules, and the rules are in the same version as previously noticed.

MOTION: Ms. Anderson made a motion approving the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program. On a second by Ms. Kramer, the Board unanimously approved the Final Action Re: 265 IAC Chapter 3; Multifamily Loan Program.

FINANCE AND ACCOUNTING

KPMG Audit and Discussion of FY05 Financial Performance

Mr. Steven Harvey introduced Ms. Shelly Stromp of KPMG. She thanked the Board for the opportunity to present the Audit and thanked Mr. Mills, Mr. Harvey, and Mr. Smith for their assistance. Ms. Stromp briefly reported on the process involved in preparing the Audit and the findings made by KPMG.

Mr. Wright inquired about the administration expenses detailed on page 10 of the Audit, which appear to have increased by approximately 24 percent.

Mr. Harvey stated there were several items which increased the expenses, including the Capital Adequacy Study and the down payment assistance program, which issued record amounts of bonds and incurred associated expenses.

A general discussion followed regarding IFA's investment portfolio.

Mr. Wright inquired about the monitoring of IFA's contracts.

Ms. Stromp indicated that KPMG's Audit found adequate controls in place for the monitoring of IFA's contracts.

MOTION: Mr. Caudron made a motion to approve IFA's FY05 Audit. A vote was taken with the following results: **YES:** Lintz, Bordwell, Caudron, Kramer, Walter, and Wright; **NO:** None; **ABSTAINED:** Ms. Anderson, who indicated she had not yet had the opportunity to review the Audit. On a second by Mr. Wright, the Board approved the KPMG Audit.

Finance Update

Mr. Steven Harvey stated the Housing Agency YTD revenues are \$909,290 favorable to budget due to the volume of Single Family MBS transactions generating higher than planned interest income and service acquisition fees. He said investment yields, Economic Development loans fees, and grant income also exceed budget. Mr. Harvey stated Title Guaranty fees continue to trail budget. He said the YTD expenses are unfavorable to budget by \$1,852,248 due to grant expense and interest expense exceeding budget. Mr. Harvey stated operating expenses are under budget.

Mr. Harvey said revenue was unfavorable to budget by \$3.3 million due to the continued suspension of EPA capitalization grants. He stated bonds were issued on September 28, 2005, for this purpose and the EPA cap grants will resume in October. Mr. Harvey said the uncommitted fund balance is \$55.8 million.

Approval of Financial Statement

MOTION: On a motion by Mr. Caudron and a second by Ms. Bordwell, the Board unanimously approved the September 2005 financial statement.

COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM

ED Loan #05-14, Trinity Health

Ms. Beary introduced the amending resolution for \$25 million of Iowa Finance Authority Hospital Revenue Bonds for Trinity Health. She stated the authorizing resolution, which was adopted on October 5, 2005, had JP Morgan Trust Company as Trustee. Ms. Beary stated the resolution changes the Trustee to US Bank National Association.

Resolution #05-14B-1

MOTION: Ms. Anderson made a motion to approve the amending resolution for \$25 million of Iowa Finance Authority Hospital Revenue Bonds for Trinity Health. On a second by Mr. Wright the Board unanimously approved Resolution #05-14B-1.

Public Hearing for Drake University

Ms. Beary asked IFA to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$45 million of Iowa Finance Authority Private College Facility Refunding Revenue Bonds for Drake University in Des Moines. She said the bonds will be used to refund 1996, 2001, and 2003 bonds to reduce long term debt costs.

Public Hearing

Chair Lintz opened the public hearing at 11:42 a.m. regarding the issuance of an amount not to exceed \$45 million of Iowa Finance Authority Private College Facility Refunding Revenue Bonds for Drake University in Des Moines. Ms. Beary stated that IFA had received no verbal or written comments regarding the project. There being no verbal comments from the audience, Chair Lintz closed the public hearing at 11:43 a.m.

ED Loan #05-20, Drake University

Ms. Beary introduced the authorizing resolution for \$45 million of Iowa Finance Authority Private College Facility Revenue Bonds for Drake University. She said the inducement resolution for \$17

million to refund the 1996 bonds was adopted on September 7, 2005. Ms. Beary stated this resolution allows for the refunding of the 2001 and 2003 bonds also and increases the amount of the bonds to \$45 million. She said the project will not require Private Activity Bond Cap.

Resolution #05-20B

MOTION: Ms. Bordwell made a motion to approve the authorizing resolution for \$45 million of Iowa Finance Authority Private College Facility Revenue Bonds for Drake University. On a second by Ms. Anderson, the Board unanimously approved Resolution #05-20B.

ED Loan #05-22, Natural Pork Production II, Shelby County

Ms. Beary introduced the application for \$6 million of Iowa Finance Authority Solid Waste Facility Revenue Bonds for Natural Pork Production II, Shelby County project. She said the bonds will be used to construct the solid waste disposal components of a swine production facility. Ms. Beary stated the project will require Private Activity Bond Cap.

Ms. Bordwell asked about the purpose of the bonds as stated in the application.

Ms. Beary stated the only eligible portion of the project for the issuance of the bonds is for solid waste disposal.

Resolution #05-22A

MOTION: Ms. Anderson made a motion to approve the application for \$6,391,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for Natural Pork Production II, Shelby County project. On a second by Mr. Caudron, the Board unanimously approved Resolution #05-22A.

ED Loan #05-23, ASA Limited Partnership, Ashley Square Project

Ms. Beary introduced the application for \$6,391,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for ASA Limited Partnership, Ashley Square project in Des Moines. She said the bonds will be used for the acquisition and rehabilitation of a 144-unit apartment complex. Ms. Beary stated the project will require Private Activity Bond Cap.

Resolution #05-23A

MOTION: Mr. Wright made a motion to approve the application for \$6,391,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for ASA Limited Partnership, Ashley Square project in Des Moines. On a second by Mr. Walter, the Board unanimously approved Resolution #05-23A.

State Revolving Fund Program

Resolution Re: Planning and Design Loans

This is a resolution to approve Planning and Design loans for Burlington Water Works and the cities of Ottumwa, Oxford Junction, McCausland, Welton and Mt. Auburn. These no interest loans are for up to three years. The funds are used for the planning and design phases of wastewater and drinking water infrastructure projects. The total for the six projects is \$809,200.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Planning and Design Loan in an amount not to exceed \$809,200 for Burlington Water Works and the communities of Ottumwa, Oxford Junction, McCausland, Welton and Mt. Auburn. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Planning and Design Loan.

A general discussion followed regarding the eligible uses for the planning and design loans.

HOUSING PROGRAMS

Low Income Housing Tax Credits

Resolution Re: Allocation of Additional Credits to Cobblestone Terrace Project

Ms. Donna Davis introduced the Resolution Re: Allocation of Additional Credits to Cobblestone Terrace Project. She said the Resolution authorizes an additional amount of \$14,326 in addition to the 2003 award of \$435,000.

Ms. Davis stated the Agenda should have included the correct title of the project, which is Cobblestone Place.

Mr. Thompson inquired of Ms. Davis if there was any urgency to the approval by the Board of the Resolution.

Ms. Davis stated in the affirmative and added the deadline for final documents is November 15, 2005.

Ms. Bordwell stated the Cobblestone Place has been completed.

Ms. Davis stated that IFA had received no verbal or written comment regarding the project.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Allocation of Additional Credits to Cobblestone Place Project. On a second by Mr. Walter, the Board unanimously approved the Resolution Re: Allocation of Additional Credits to Cobblestone Place Project.

Ms. Kate Ridge, with John Lewis Coffee Shop Community Services, thanked the Board for their support and approval of the project.

Mr. Caudron stated he was pleased with the editorial in the *Quad City Times*, which was a very positive endorsement of both the Cobblestone Terrace and Cobblestone Place projects.

TITLE GUARANTY DIVISION (TGD)

Mr. Loyd Ogle referred to the charts included in the Board materials and updated the Board on upcoming events of the Division.

POLICY / LEGISLATION

Mr. Dennis Dietz referred to the handout included in the Board materials.

COMMUNICATIONS

Ms. Shawna Lode referred to the handouts included in the Board materials and updated the Board on upcoming conferences and events, as well as news articles that would appear in the future.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Jim Cain, Executive Director of the Iowa Coalition for Housing and the Homeless, spoke to the Board about his recent experiences assisting with the housing of evacuees of the Hurricane Katrina disaster. He commended the Board and IFA staff with the development of the *housinginiowa.org* website.

Mr. Wright asked staff for an update on the status of athletes using low income Section 8 housing assistance at the Pheasant Ridge Apartments in Iowa City. Mr. Cain was able to provide a response

indicating that Senator Harkin was working with the Congressional Committee to tighten the eligibility requirements for participation.

Mr. Mills referred to the staff recommendation for Board meeting dates in 2006 and stated the recommendation would be an agenda item for the December meeting.

Mr. Caudron commended Mr. Jack Hatch and Hatch Development Company for the nomination in *Affordable Housing Finance Magazine* for the Readers Choice Awards for Nation's Best Affordable Housing Development Award. He said although Mr. Hatch did not receive the award, the nomination is certainly a honor.

Next Month

The next regular meeting will be held at 10:45 a.m. on Wednesday, December 7, 2005 in the Iowa Hospital Association Education Center, 100 East Grand Avenue, Des Moines.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Ms. Anderson, the November meeting of the Iowa Finance Authority Board of Directors adjourned at 12:38 p.m.

Dated this 7th day of December 2005.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Vincent C. Lintz, Chair
Iowa Finance Authority

f:\board meeting information\minutes\minutes 2005.November.doc